

# FINAL BILL REPORT

## SSB 5670

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Synopsis as Enacted

**Brief Description:** Clarifying expenditures under the state universal communications services program.

**Sponsors:** Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Braun, Chase, Kohl-Welles, Sheldon, Hatfield, Rivers, Bailey, Dansel, Ericksen, Becker and Hewitt).

**Senate Committee on Energy, Environment & Telecommunications**  
**Senate Committee on Ways & Means**  
**House Committee on Appropriations**

**Background:** State Universal Service Program. In 2011, the Federal Communication Commission (FCC) approved a process to end the complex system of fees, surcharges, and subsidies that support rural telephone companies, and transitioned federal monies toward expanding broadband Internet capability in underserved areas. To assist rural companies in this transition period, the Legislature established a temporary universal service program operated by the Washington Utilities and Transportation Commission (UTC). The program expires in July 2019.

The Universal Service Program is funded by legislative appropriations to the Universal Communications Services Account (Universal Services Account). The maximum amount appropriated each year cannot exceed \$5 million. A telephone company is eligible to receive distributions from the account if:

- the company has fewer than 40,000 access lines in the state;
- the company's customers are at risk of rate instability or service interruptions absent distributions to the company; and
- the company meets any other criteria established by the UTC.

Distributions from the Universal Services Account are made according to a formula developed by the UTC. The first round of distributions occurred in fiscal year 2015 and totaled \$3.3 million. Future distributions will increase annually. By the fourth year, the amount projected to be distributed will exceed the \$5 million annual cap.

**Summary:** Allowing Unspent Funds in the Universal Services Account to be Carried Over to Subsequent Years. If less than \$5 million is spent from the Universal Services Account in

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any fiscal year, the unspent portion must be carried over to subsequent fiscal years. Any money carried over is in addition to the \$5 million allotted for any subsequent year.

**Votes on Final Passage:**

2015 Regular Session

Senate 39 8

2016 Regular Session

Senate 37 10

House 97 0

**Effective:** June 9, 2016